

**MINERAL LEASE DISTRIBUTION AMENDMENTS**

2018 GENERAL SESSION

STATE OF UTAH

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**LONG TITLE****General Description:**

This bill modifies provisions related to the distribution of mineral lease funds.

**Highlighted Provisions:**

This bill:

- provides that each year the Division of Finance shall distribute an amount of federal mineral lease money to certain local government entities.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**59-21-1**, as last amended by Laws of Utah 2012, Chapter 212

**59-21-2**, as last amended by Laws of Utah 2016, Chapters 183 and 184

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-21-1** is amended to read:

**59-21-1. Disposition of federal mineral lease money -- Priority to political subdivisions impacted by mineral development -- Disposition of mineral bonus payments -- Appropriation of money attributable to royalties from extraction of minerals on federal land located within boundaries of Grand Staircase-Escalante National Monument.**

(1) Except as provided in Subsections (2) through (4), all money received from the United States under the provisions of the Mineral Lands Leasing Act, 30 U.S.C. Sec. 181 et seq., shall:

(a) be deposited in the Mineral Lease Account of the General Fund; and

(b) be appropriated by the Legislature giving priority to those subdivisions of the state socially or economically impacted by development of minerals leased under the Mineral Lands

33 Leasing Act, for:

34 (i) planning;

35 (ii) construction and maintenance of public facilities; and

36 (iii) provision of public services.

37 (2) Seventy percent of money received from federal mineral lease bonus payments

38 shall be deposited into the Permanent Community Impact Fund and shall be used as provided

39 in Title 35A, Chapter 8, Part 3, Community Impact Alleviation.

40 (3) Thirty percent of money received from federal mineral lease bonus payments shall

41 be deposited in the Mineral Bonus Account created by Subsection 59-21-2(1) and appropriated

42 as provided in that subsection.

43 (4) (a) For purposes of this Subsection (4):

44 (i) the "boundaries of the Grand Staircase-Escalante National Monument" means the

45 boundaries:

46 (A) established by Presidential Proclamation No. 6920, 61 Fed. Reg. 50,223 (1996);

47 and

48 (B) modified by:

49 (I) Pub. L. No. 105-335, 112 Stat. 3139; and

50 (II) Pub. L. No. 105-355, 112 Stat. 3247; and

51 (ii) a special service district, school district, or federal land is considered to be located

52 within the boundaries of the Grand Staircase-Escalante National Monument if a portion of the

53 special service district, school district, or federal land is located within the boundaries

54 described in Subsection (4)(a)(i).

55 (b) Beginning on July 1, 1999, the Legislature shall appropriate, as provided in

56 Subsections (4)(c) through (g), money received from the United States that is attributable to

57 royalties from the extraction of minerals on federal land that, on September 18, 1996, was

58 located within the boundaries of the Grand Staircase-Escalante National Monument.

59 (c) The Legislature shall annually appropriate 40% of the money described in

60 Subsection (4)(b) to the ~~[Department of Transportation]~~ Division of Finance to be distributed

61 by the ~~[Department of Transportation]~~ Division of Finance to special service districts that are:

62 (i) established by counties under Title 17D, Chapter 1, Special Service District Act;

63 (ii) socially or economically impacted by the development of minerals under the

Mineral Lands Leasing Act; and

(iii) located within the boundaries of the Grand Staircase-Escalante National Monument.

(d) The ~~[Department of Transportation]~~ Division of Finance shall distribute the money described in Subsection (4)(c) in amounts proportionate to the amount of federal mineral lease money generated by the county in which a special service district is located.

(e) The Legislature shall annually appropriate 40% of the money described in Subsection (4)(b) to the State Board of Education to be distributed equally to school districts that are:

(i) socially or economically impacted by the development of minerals under the Mineral Lands Leasing Act; and

(ii) located within the boundaries of the Grand Staircase-Escalante National Monument.

(f) The Legislature shall annually appropriate 2.25% of the money described in Subsection (4)(b) to the Utah Geological Survey to facilitate the development of energy and mineral resources in counties that are:

(i) socially or economically impacted by the development of minerals under the Mineral Lands Leasing Act; and

(ii) located within the boundaries of the Grand Staircase-Escalante National Monument.

(g) Seventeen and three-fourths percent of the money described in Subsection (4)(b) shall be deposited annually into the State School Fund established by Utah Constitution Article X, Section 5.

Section 2. Section **59-21-2** is amended to read:

**59-21-2. Mineral Bonus Account created -- Contents -- Use of Mineral Bonus Account money -- Mineral Lease Account created -- Contents -- Appropriation of money from Mineral Lease Account.**

(1) (a) There is created a restricted account within the General Fund known as the "Mineral Bonus Account."

(b) The Mineral Bonus Account consists of federal mineral lease bonus payments deposited pursuant to Subsection 59-21-1(3).

(c) The Legislature shall make appropriations from the Mineral Bonus Account in accordance with Section 35 of the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 191.

(d) The state treasurer shall:

(i) invest the money in the Mineral Bonus Account by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act; and

(ii) deposit all interest or other earnings derived from the account into the Mineral Bonus Account.

(e) The Division of Finance shall, beginning on July 1, 2017, annually deposit 30% of mineral lease bonus payments deposited under Subsection (1)(b) from the previous fiscal year into the Wildland Fire Suppression Fund created in Section 65A-8-204, up to \$2,000,000 but not to exceed 20% of the amount expended in the previous fiscal year from the Wildland Fire Suppression Fund.

(2) (a) There is created a restricted account within the General Fund known as the "Mineral Lease Account."

(b) The Mineral Lease Account consists of federal mineral lease money deposited pursuant to Subsection 59-21-1(1).

(c) The Legislature shall make appropriations from the Mineral Lease Account as provided in Subsection 59-21-1(1) and this Subsection (2).

(d) (i) Except as provided in Subsections (2)(d)(ii) and (iii), the Legislature shall annually appropriate 32.5% of all deposits made to the Mineral Lease Account to the Permanent Community Impact Fund established by Section 35A-8-303.

(ii) For fiscal year 2016-17 only and from the amount required to be deposited under Subsection (2)(d)(i), the Legislature shall appropriate \$26,000,000 of the deposits made to the Mineral Lease Account to the Impacted Communities Transportation Development Restricted Account established by Section 72-2-128.

(iii) For fiscal year 2017-18 only and from the amount required to be deposited under Subsection (2)(d)(i), the Legislature shall appropriate \$27,000,000 of the deposits made to the Mineral Lease Account to the Impacted Communities Transportation Development Restricted Account established by Section 72-2-128.

(e) The Legislature shall annually appropriate 2.25% of all deposits made to the Mineral Lease Account to the State Board of Education, to be used for education research and

126 experimentation in the use of staff and facilities designed to improve the quality of education in  
127 Utah.

128 (f) The Legislature shall annually appropriate 2.25% of all deposits made to the  
129 Mineral Lease Account to the Utah Geological Survey, to be used for activities carried on by  
130 the survey having as a purpose the development and exploitation of natural resources in the  
131 state.

132 (g) The Legislature shall annually appropriate 2.25% of all deposits made to the  
133 Mineral Lease Account to the Water Research Laboratory at Utah State University, to be used  
134 for activities carried on by the laboratory having as a purpose the development and exploitation  
135 of water resources in the state.

136 (h) (i) The Legislature shall annually appropriate to the [~~Department of Transportation~~]  
137 Division of Finance 40% of all deposits made to the Mineral Lease Account to be distributed as  
138 provided in Subsection (2)(h)(ii) to:

139 (A) counties;

140 (B) special service districts established:

141 (I) by counties;

142 (II) under Title 17D, Chapter 1, Special Service District Act; and

143 (III) for the purpose of constructing, repairing, or maintaining roads; or

144 (C) special service districts established:

145 (I) by counties;

146 (II) under Title 17D, Chapter 1, Special Service District Act; and

147 (III) for other purposes authorized by statute.

148 (ii) The [~~Department of Transportation~~] Division of Finance shall allocate the funds  
149 specified in Subsection (2)(h)(i):

150 (A) in amounts proportionate to the amount of mineral lease money generated by each  
151 county; and

152 (B) to a county or special service district established by a county under Title 17D,  
153 Chapter 1, Special Service District Act, as determined by the county legislative body.

154 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the  
155 Mineral Lease Account to the Department of Workforce Services to be distributed to:

156 (A) special service districts established:

157 (I) by counties;

158 (II) under Title 17D, Chapter 1, Special Service District Act; and

159 (III) for the purpose of constructing, repairing, or maintaining roads; or

160 (B) special service districts established:

161 (I) by counties;

162 (II) under Title 17D, Chapter 1, Special Service District Act; and

163 (III) for other purposes authorized by statute.

164 (ii) The Department of Workforce Services may distribute the amounts described in

165 Subsection (2)(i)(i) only to special service districts established under Title 17D, Chapter 1,

166 Special Service District Act, by counties:

167 (A) of the third, fourth, fifth, or sixth class;

168 (B) in which 4.5% or less of the mineral lease money within the state is generated; and

169 (C) that are significantly socially or economically impacted as provided in Subsection

170 (2)(i)(iii) by the development of minerals under the Mineral Lands Leasing Act, 30 U.S.C. Sec.

171 181 et seq.

172 (iii) The significant social or economic impact required under Subsection (2)(i)(ii)(C)

173 shall be as a result of:

174 (A) the transportation within the county of hydrocarbons, including solid hydrocarbons

175 as defined in Section 59-5-101;

176 (B) the employment of persons residing within the county in hydrocarbon extraction,

177 including the extraction of solid hydrocarbons as defined in Section 59-5-101; or

178 (C) a combination of Subsections (2)(i)(iii)(A) and (B).

179 (iv) For purposes of distributing the appropriations under this Subsection (2)(i) to

180 special service districts established by counties under Title 17D, Chapter 1, Special Service

181 District Act, the Department of Workforce Services shall:

182 (A) (I) allocate 50% of the appropriations equally among the counties meeting the

183 requirements of Subsections (2)(i)(ii) and (iii); and

184 (II) allocate 50% of the appropriations based on the ratio that the population of each

185 county meeting the requirements of Subsections (2)(i)(ii) and (iii) bears to the total population

186 of all of the counties meeting the requirements of Subsections (2)(i)(ii) and (iii); and

187 (B) after making the allocations described in Subsection (2)(i)(iv)(A), distribute the

allocated revenues to special service districts established by the counties under Title 17D, Chapter 1, Special Service District Act, as determined by the executive director of the Department of Workforce Services after consulting with the county legislative bodies of the counties meeting the requirements of Subsections (2)(i)(ii) and (iii).

(v) The executive director of the Department of Workforce Services:

(A) shall determine whether a county meets the requirements of Subsections (2)(i)(ii) and (iii);

(B) shall distribute the appropriations under Subsection (2)(i)(i) to special service districts established by counties under Title 17D, Chapter 1, Special Service District Act, that meet the requirements of Subsections (2)(i)(ii) and (iii); and

(C) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, may make rules:

(I) providing a procedure for making the distributions under this Subsection (2)(i) to special service districts; and

(II) defining the term "population" for purposes of Subsection (2)(i)(iv).

(j) (i) The Legislature shall annually make the following appropriations from the Mineral Lease Account:

(A) an amount equal to 52 cents multiplied by the number of acres of school or institutional trust lands, lands owned by the Division of Parks and Recreation, and lands owned by the Division of Wildlife Resources that are not under an in lieu of taxes contract, to each county in which those lands are located;

(B) to each county in which school or institutional trust lands are transferred to the federal government after December 31, 1992, an amount equal to the number of transferred acres in the county multiplied by a payment per acre equal to the difference between 52 cents per acre and the per acre payment made to that county in the most recent payment under the federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 et seq., unless the federal payment was equal to or exceeded the 52 cents per acre, in which case a payment under this Subsection (2)(j)(i)(B) may not be made for the transferred lands;

(C) to each county in which federal lands, which are entitlement lands under the federal in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to the number of transferred acres in the county multiplied by a payment per acre equal to the

219 difference between the most recent per acre payment made under the federal payment in lieu of  
220 taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52  
221 cents per acre, in which case a payment under this Subsection (2)(j)(i)(C) may not be made for  
222 the transferred land; and

223 (D) to a county of the fifth or sixth class, an amount equal to the product of:

224 (I) \$1,000; and

225 (II) the number of residences described in Subsection (2)(j)(iv) that are located within  
226 the county.

227 (ii) A county receiving money under Subsection (2)(j)(i) may, as determined by the  
228 county legislative body, distribute the money or a portion of the money to:

229 (A) special service districts established by the county under Title 17D, Chapter 1,  
230 Special Service District Act;

231 (B) school districts; or

232 (C) public institutions of higher education.

233 (iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the  
234 Division of Finance shall increase or decrease the amounts per acre provided for in Subsections  
235 (2)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all urban  
236 consumers published by the Department of Labor.

237 (B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance  
238 shall increase or decrease the amount described in Subsection (2)(j)(i)(D)(I) by the average  
239 annual change in the Consumer Price Index for all urban consumers published by the  
240 Department of Labor.

241 (iv) Residences for purposes of Subsection (2)(j)(i)(D)(II) are residences that are:

242 (A) owned by:

243 (I) the Division of Parks and Recreation; or

244 (II) the Division of Wildlife Resources;

245 (B) located on lands that are owned by:

246 (I) the Division of Parks and Recreation; or

247 (II) the Division of Wildlife Resources; and

248 (C) are not subject to taxation under:

249 (I) Chapter 2, Property Tax Act; or



(II) Chapter 4, Privilege Tax.

(k) The Legislature shall annually appropriate to the Permanent Community Impact Fund all deposits remaining in the Mineral Lease Account after making the appropriations provided for in Subsections (2)(d) through (j).

(3) (a) Each agency, board, institution of higher education, and political subdivision receiving money under this chapter shall provide the Legislature, through the Office of the Legislative Fiscal Analyst, with a complete accounting of the use of that money on an annual basis.

(b) The accounting required under Subsection (3)(a) shall:

(i) include actual expenditures for the prior fiscal year, budgeted expenditures for the current fiscal year, and planned expenditures for the following fiscal year; and

(ii) be reviewed by the Business, Economic Development, and Labor Appropriations Subcommittee as part of its normal budgetary process under Title 63J, Chapter 1, Budgetary Procedures Act.

Section 3. **Effective date.**

This bill takes effect on July 1, 2018.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**